

DOCUMENT RESUME

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[The Washington Metropolitan Area Transit Authority Needs To Improve Its Security over Canceled Farecards]. August 21, 1978. 2 pp.

Report to Delmer Ison, Secretary-Treasurer, Washington Metropolitan Area Transit Authority; by Hugh J. Wessinger, Associate Director, Community and Economic Development Div.

Contact: Community and Economic Development Div.

An ongoing survey of the Washington Metropolitan Area Transit Authority's operations revealed that the Authority's revenue collection process is generally efficient and the security over it is adequate. However, a problem was noted with the handling of canceled farecards. Although these cards are supposedly valueless, they have given false readings. Refunds are sometimes made because officers cannot distinguish between cards appropriately erased and those erased by other means. The Authority should take action to remedy this potential revenue loss from misuse of canceled farecards by either making the canceled card bin secure or issuing instructions making it a violation of operating procedures for anyone to take cards from the bin. (BTW)



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

IN REPLY
REFER TO:

COMMUNITY AND ECONOMIC
DEVELOPMENT DIVISION

August 21, 1978

Mr. Delmer Ison
Secretary-Treasurer
Washington Metropolitan
Area Transit Authority
600 Fifth Street, N.W.
Washington, D.C. 20001

Dear Mr. Ison:

As you know the General Accounting Office is making a comprehensive survey of the Authority's operations and is currently looking into its revenue collection procedures. Although our survey is still underway we want to share some observations with you.

We observed the entire revenue collection process for both bus and rail and, overall believe it is efficient and the security over it is adequate. We are still reviewing the accountability of the rail revenue reporting system. We also plan to review the Authority's capabilities to handle future bus and rail revenue collection and processing as more of the rail system becomes operational. As you know concern exists over the adequacy of existing space for revenue processing and the continued need to dedicate four railcars to revenue collection.

During our survey we noted a problem with the handling of cancelled farecards which may be resulting in lost revenue to the Authority. Each farecard vending machine has an open bin where the cancelled farecards are deposited. Cancelled cards are either traded in by customers or result because they are misprinted by the vending machine. These bins are not secure and farecards can be removed by anyone having access to the machine--authority revenue attendants or mechanics, some sub-contractors, and the station attendants. Supposedly the cancelled farecards are valueless, but we found otherwise.

After examining and testing some cancelled farecards to see if they were really valueless, we found it was a simple process to quickly locate several farecards that were still good. Such "testing" is made simple by merely inserting the card into the trade-in slot of the vending machine to see if

it will accept it. Apparently some station attendants are doing this; we are aware of one instance where the attendant used the cards to help a customer. One of our staff members experienced a malfunction of a vending machine and lost \$1.05. The station attendant, after failing to locate the lost \$1 bill, gave our staff member two farecards valued at \$1.25. Our staff member observed that the attendant had several more farecards. We had one of the farecards "read" by the revenue office equipment and found that it was an apparent misprint that had not been erased by the vending machine. We referred our staff member's experience to the Office of Security.


Many of the cancelled farecards we examined looked usable but had no value when tested. In these cases the magnetic value had been appropriately erased but a printed value remained. These cards will be rejected by the system but a refund could be obtained because the revenue office can not distinguish between a farecard erased by a vending machine and one erased by it coming into contact with a magnetized object, such as a credit card. Therefore it is possible for employees or other personnel having access to the vending machines to take the cards and give them to friends to submit for refunds.

To test the refund procedure, we took one of the cancelled cards from a vending machine trade-in bin and had one of our staff members attempt to use it. The card was rejected and the station attendant sent it in for a refund. The refund was made in the form of a new farecard which we subsequently returned to the revenue office.

We recommend that the Authority take action to remedy this potential revenue loss from misuse of cancelled farecards. The cancelled card bin should either be made secure, or at a minimum, instructions should be issued making it a violation of operating procedures for anyone to take cards from the bin.

We appreciate the cooperation we are receiving during our survey and would like to be informed of any action taken on our recommendation. If you have any questions we would be glad to discuss this with you or your staff, please call me or Martin Ferber on extension 1674.

Sincerely yours,


Hugh J. Wessinger
Associate Director